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October 1, 2011

TO GOVERNOR BEVERLY EAVES PERDUE, MEMBERS OF THE 2011 NORTH CAROLINA GENERAL ASSEMBLY AND COMMISSIONER OF AGRICULTURE STEVEN W. TROXLER:

The North Carolina Sustainable Local Food Advisory Council (Council) herewith submits to you for your consideration its annual report. The report was prepared by staff of the Commissioner of Agriculture at the direction of the Council and approved by the Council.

This report duly reflects the business of the Council for the year 2011 and provides the recommendations of the Council for future legislative action and for new or revised rules and policies that impact "Health and wellness, Hunger and food access, Economic development and Preservation of farmlands and water resources" for North Carolina pursuant to G.S. 106-833.

Respectfully submitted,

Commissioner Steve Troxler, Chair

Dr. Nancy Creamer, Vice Chair

PREFACE

October 1, 2011

The North Carolina Sustainable Local Food Advisory Council (Council) provides this, its second annual report to the Governor Perdue, members of the North Carolina General Assembly and Commissioner of Agriculture Troxler as charged in NC G.S.106-833.

The major items of the report are recommendations for legislative action, rule making or policy opportunities, and an account of the proceedings of the Council, including activities of the Subcommittees and work groups established by the Council.

The Council was established in August 2009 with the purpose, as mandated in NC G.S. 106-830, "to contribute to building a local food economy, thereby benefiting North Carolina by creating jobs, stimulating statewide economic development, circulating money from local food sales within local communities, preserving open space, decreasing the use of fossil fuel and thus reducing carbon emissions, preserving and protecting the natural environment, increasing consumer access to fresh and nutritious foods, and providing greater food security for all North Carolinians."

The Council is chaired by Commissioner of Agriculture, Steve Troxler and has 27 members appointed by the Governor, the Commissioner, the President Pro Tempore of the Senate, and the Speaker of the House. The full membership of the Council is listed in Appendix B of this report. Information concerning the Council and Subcommittee meetings and business actions of the Council is available on the Council website: http://www.ncagr.gov/localfood.

ACTIVITIES AND ACCOMPLISHMENTS 2010

The NCSLFAC's Annual Report, issued in October 2010, made several recommendations to Governor Perdue and members of the NC General Assembly. The following provides an update on the actions taken on these recommendations.

➤ Modify municipal annexation: Require that no municipality may annex farm or forest land nor may any municipality regulate farming and forestry activities in their extraterritorial jurisdiction if the land is within a voluntary agricultural district, enhanced voluntary agricultural district or is subject to a conservation easement designated to maintain property as "working lands".

Action Taken: House Bill 168; Session Law 2011-363 to prohibit municipal annexation of property used for "bona fide farm purposes" without consent of the owner, and that property used for such purposes in a municipality's extraterritorial jurisdiction is exempt from such jurisdiction, including its zoning requirements and ordinances.

Fund NC Agriculture Development and Farmland Preservation (ADFP) Trust Fund for Military Support: Provide additional financial match for the ADFP Trust Fund above the FY 2009-10 funding level to work with military bases, training zones and other areas to protect the military presence in North Carolina and to protect the local food production on farmland in these designated areas.

Action Taken: Session Law 2011-145 -The General Assembly designated that of the appropriations for the Clean Water Management Trust Fund, \$1,500,000 shall be used for the 2011-2012 fiscal year and for the 2012-2013 fiscal year for State matching funds for the Readiness and Environmental Protection Initiative and any other U.S. Department of Defense program that provides for military buffers and protects the overall military training mission.

➤ Permanent Council Staff and Operating Budget: The Council, Subcommittees and Working Groups, the Council recommends that a full-time organizational manager be based within the NCDA&CS to coordinate the work of the Council, follow up with members on commitments and represent the Council to various other organizations. The Council recommends and requests that staff would serve at the pleasure of the Council. Further, the Council recommends that input and direction from Council members should be core to the hiring process. In addition to a staff person, the Council recommends recurring monies for on-going Council operating expenses.

Action Taken: None.

➤ **Reporting Date Modification:** The Council recommends that the reporting date mandated in G.S. 106-833 for the Council's annual report be modified from October 1 to December 1.

Action Taken: None.

- ➤ NC Farm Transition Network (NCFTN) Support: The NCDA&CS and NCCES re-establish the NCFTN in partnership and:
 - A new position be provided to NCDA&CS to manage farmland transition activities within the ADFP Trust Fund; and
 - A new position be provided to NCCES to manage educational and land-link activities; and,
 - o Adequate funding for the 2 position & program activities

Action Taken: None

➤ Recommendation That Agriculture and Related Entities not be Cut Disproportionately in the 2011-2012 Budget

Action Taken: In respect to the difficult economic position of the State, appropriations to Agriculture demonstrated strong support and recognition of the positive contributions of North Carolina's agricultural sector to the State's economy and environmental quality. Also, two Divisions extremely important to the economic well being of the farming community, the Division of Forest Resources and the Division of Soil & Water Conservation were transferred to the NC Department of Agriculture and Consumer Services.

There were a number of Council recommendations included in the 2010 Report and although not associated with legislation, progress was made in meeting the Council's objectives.

Agricultural Task Force Liaison: Name a member of the NCSLFAC as liaison to the North Carolina Agricultural Task Force (ATF) that is headquartered within the NCDENR Division of Soil & Water Conservation. The Council liaison would serve as a communications link to share water quality regulatory concerns with the ATF, to raise awareness of the Council and to bring information and perspective from the ATF back to the Council.

Action Taken: The Liaison position was established and continues to participate in ATF meetings and discussion. It should be noted that the Division of Soil and Water Conservation became part of the NCDA&CS on July 1, 2011.

➤ Develop an All-Farm Good Agriculture Practices (GAP) Pilot Program for Small Farmers: Support the state's small and diversified fruit and vegetable farmers by working with the North Carolina Fresh Produce Safety Task Force and its partners to develop an All-Farm GAP (Good Agricultural Practices) pilot program.

Action Taken: A GAP Pilot Program work group consisting of Council members, NCSU researchers, and others was established and developed a GAP Implementation Project. Through work of the Council, Carolina Farm Stewardship Association, Farm Bureau, and the Food Safety Taskforce collaborated on a grant proposal, which was awarded to CFSA to fund this project. The grant is funded by the NCDA&CS Specialty Crop Block Grant program.

➤ Continue Support of Farm to School: Support the Farm to School Program that connects schools (K-12) and local farms and promote the objectives of serving healthy meals in school cafeterias, improving student nutrition, providing agriculture, health and nutrition education opportunities, and supporting local and regional farmers.

Action Taken: The Council received a number of updates on the NC Farm to School program, operated by NCDA&CS Food Distribution and Marketing Divisions. Updates included the results of the NC Farm to School survey, a survey that was conducted in conjunction with Child Nutrition Directors and will be instrumental in developing initiatives to increase participation.

➤ Plan for the Future of Electronics Benefit Transfer (EBT) and Women, Infants and Children (WIC) Programs: Encourage efforts to reach more people with healthy food access and increasing revenue for more farmers. Provide support for farmers markets and farm stands to purchase wireless electronic benefit transfer (EBT) devices and promote efforts for outreach and education programs that encourage residents of lower-income neighborhoods and SNAP-ED and WIC recipients to use farmers markets and farm stands.

Action Taken: A pilot program has been established linking three USDA-affiliated food assistance programs for senior citizens, WIC clients and Food and Nutrition Services (FNS/food stamps) participants by encouraging and enabling them to use any of their benefits at participating farmers markets. The NC Farmers Markets Nutrition Programs pilot project continued throughout the summer of 2011 and will be evaluated for future expansion.

In addition to the Recommendations presented in the 2010 Annual Report, the NCSLFAC adopted the following resolution:

➤ Fund the North Carolina Agricultural Development and Farmland Preservation (ADFP) Trust Fund: The NCSLFAC urges the General Assembly of North Carolina to appropriate \$5 million to the ADFP Trust Fund for the 2010-2011 fiscal year.

Action Taken: \$ 1,700,000 in recurring funding was appropriated for the ADFP Trust Fund for the biennium.

2011 COUNCIL PROCEEDINGS

The Council met four times in 2011 and since submitting its 2010 Annual Report on October 1, 2010. There were also nine Executive Committee meetings, 10 Subcommittee meetings and numerous meetings of various work groups established by the Subcommittees to provide additional study and deliberation of specific issues. A large number of experts in specific fields of study or in agencies not represented on the Council were invited to participate in the deliberations of the Subcommittees and work groups.

The Executive Committee developed for approval by the Council a "Proposed 2011 Work Plan" to assist the Subcommittee and work group members in moving forward with the business of the Council.

In addition to the Resolutions presented inter-year and the Recommendations of the 2011 Annual Report, the Subcommittees and the Council gave a great deal of time and discussion to a number of issues, including:

- 1. A regulatory working group, after a number of meetings with local producers, consumers, researchers, et al on the existing North Carolina Egg Law (106-245.13) determined that at this time it's most important to maintain contact with the greater NC Egg Industry, to continue gathering additional information and to allow the FDA *Salmonella Enteritidis* regulation implementation play out on a national level.
- 2. A regulatory working group corresponded and met with a number of persons involved with small farm processing units and discovered difficulties in securing necessary permits and also a great deal of variability in compliance requirements from county to county. These members joined others in working with the General Assembly to realize a successful conclusion with the enactment of H 162, (S.L. 2011-41), legislation that exempts certain activities related to small-scale processing of agriculture waste products from wastewater permitting requirements.
- 3. A subcommittee delved thoroughly in the many particulars surrounding School Gardens, including meeting with other organizations addressing the same issues, and determined that at this time to press on with an interagency collaboration to create and disseminate guidelines, resources and educational materials regarding the safe production, harvest and consumption of school/preschool/childcare and community garden food and the safe use of salad bars in any of these settings.

The minutes of the Council and Subcommittee meetings are available on the website maintained for the Council as a service of the NC Department of Agriculture and Consumer Services: http://www.ncagr.gov/localfood.

2011 Resolutions

The Council presented three Resolutions to the Governor and the General Assembly during the 2011 legislative session:

> Requested that the General Assembly continue its support of the Research Stations and the Agricultural Development and Farmland Preservation Trust Fund as programs within the NCDA&CS

Action Taken: The General Assembly, while encouraging that researchers bear additional costs of conducting research on the Research Stations continued the Stations in the Department. The Governor signed into law ratified Senate Bill 499 to ensure that the Preservation Trust Fund would be permanently established in the Department.

Supported continued funding of the NCDA&CS Meat and Poultry Inspection Division

Action Taken: The General Assembly continued funding for the Meat and Poultry Inspection Division within the Department.

➤ Recommended that agriculture and related entities not be cut disproportionately in the 2011-2012 budget

Action Taken: In respect to the difficult economic position of the State, appropriations to Agriculture demonstrated strong support and recognition of the positive contributions of North Carolina's agricultural sector to the State's economy and environmental quality. Also, two Divisions extremely important to the economic well being of rural communities, the Division of Forest Resources and the Division of Soil & Water Conservation were transferred to the NC Department of Agriculture and Consumer Services.

NCSLFAC FINDINGS AND RECOMMENDATIONS

The NCSLFAC met on September 22, 2011, and adopted the following recommendations for inclusion of in its annual report:

1. Recommend that the General Assembly extend the expiration of G.S. 106-833 until July 31, 2017.

The Act to establish the North Carolina Sustainable Local Food Advisory Council to address program and policy considerations regarding the development of a sustainable local food economy in North Carolina shall expire July 31, 2012. The Council, in its first two years of existence, has quickly established itself as a working organization with specific goals and an agenda to meet its charge as established by the General Assembly. The population of North Carolina has been served by the successful efforts of the Council, including statutory changes by the General Assembly that afforded greater protection to farming and agri-business, administrative policies that have been modified to allow for increased opportunities for farmers to grow and market their products and for consumers to find local foods in their communities. The council has worked to facilitate opportunities for more farmers to take advantage of emerging local institutional markets, including farm to school, through addressing GAP food safety certification affordability and certification. The Council is also addressing in a number of ways increasing access to fresh local foods in underserved communities.

2. Recommend that the General Assembly appropriate \$100,000 per annum to provide for one permanent position in the NCDA&CS that will serve as staff for the Council and to provide for recurring costs of Council activities.

The NC Department of Agriculture and Consumer Services secured a grant from the Golden LEAF Foundation to assist with staffing and Council expenses these first two years. Commissioner Troxler also assigned a number of NCDA&CS specialists to provide assistance to the Council, Subcommittees and work groups in developing specific topics, researching materials for Council use, and bringing in other experts to aid in discussions. An established appropriation will allow the Council to continue to meet and provide a permanent staff position that can provide continuity and consistency to the Council's activities.

3. Recommend that the General Assembly approve the designation of one representative of the Conservation Trust for North Carolina (CTNC) as an appointment by the Speaker of the House of Representatives and delete the appointment of one representative of the North Carolina Farm Transition Network, Inc.

The North Carolina Farm Transition Network, Inc. has terminated its Executive Director position and no longer has staff available to work with the Council. The activities of the NCFTN, Inc. are now being assumed by different organizations. The Conservation Trust

for North Carolina continues in its role as an "umbrella" or central organization for all the various land trusts in North Carolina. CTNC also works directly with farmers and landowners to protect farmlands for the future and to help landowners transition their properties to the next generation.

4. Recommend that the General Assembly appropriate \$ 55,000 to NCDA&CS for a consumer level survey of local food interests. USDA-NASS, the NCDA&CS, the NCCES and other agencies and organizations, as applicable, will develop a comprehensive study of the elements of the local food system to promote growth and investment in the development of the local food economy.

The food system elements identified for assessment in priority order are:

- a. Market demand, consumer level Develop baseline local foods demand data by surveying consumer values, beliefs, attitudes and purchasing behavior related to local foods. **Project Cost:** \$55,000
- b. Infrastructure Assess and document existing local foods infrastructure and identify needs. The infrastructure assessment will emphasize storage, value-added processing, distribution and warehousing.
- c. Market demand, intermediary level Survey distribution chain intermediaries to determine the volume and value of local food that flows from the farm or dock to the final point of use/sale through entities such as aggregators, distributors, retailers and food service providers.
- 5. Recommend that the Council and other stakeholders review the results of the General Assembly's 2011 Regulatory Listening Sessions and host additional listening sessions for farmers, fisherman, and local foods businesses to identify and document the regulatory and market barriers that prevent these entities from supplying their products to local markets and/or expanding their businesses to meet consumer demand for local foods.
- 6. Recommend that the General Assembly increase institutional purchasing of local food by adopting legislation that includes one or more of the following:
 - a. Establish state government purchasing goals for local foods (e.g. 20% by 2020)
 - b. Establish a government purchase preference for North Carolina products over non-North Carolina products when prices are equal or within 5% of the bid price
 - c. Create a vendor list that indicates state/country of origin
 - d. Establish that NC vendors are given the opportunity to match lowest/winning bid for government purchases

7. Recommend that the General Assembly establish by statute and the NC Utilities Commission institute by rule protections that ensure public and private utility extensions are installed with minimal negative impacts on agricultural land.

The rules would establish that public and private utilities make reasonable efforts to coordinate the schedule of construction-related activities around the growing and harvest seasons to minimize impacts on agricultural operations. When this is not possible, the utilities will make reasonable measures to mitigate any impacts. The utilities will also take reasonable steps to avoid or minimize soil compaction, and will restore soils that are compacted by construction equipment and work with affected landowners to determine the appropriate method for restoring the soils, and be open to discussing and implementing the landowners' alternative restoration suggestions. After a transmission system improvement is complete, utilities will remove all construction-related equipment and debris from rights-of-way.

8. Recommend that the General Assembly provide that agricultural land is to be given the greatest protection possible in condemnation proceedings.

Whenever it is necessary to acquire agricultural property within the state or some easement or other right in property in order that it may render adequate service to the public due consideration shall be given to the following factors:

- The adequacy of other property and locations;
- The quantity, kind and extent of cultivated and agricultural land which may be made unfit for use by the proposed taking. In this connection the effect on long range agricultural and use as well as the immediate effect shall be considered;
- The effect of the taking upon home and homestead rights and the convenience of the owner of the land.
- 9. Recommend that an interagency collaboration between NC Department of Public Instruction, NC Department of Agriculture and Consumer Services, NC Department of Environment & Natural Resources, NC Department of Public Health, NC State University, NC A&T State University/NC Cooperative Extension Service, University of North Carolina-Chapel Hill, and any stakeholders who may have an interest be established to create and disseminate best management practices, resources and educational materials regarding the safe production, harvest and consumption of school and community garden food.
- 10. Recommend that the General Assembly establish a new member on the NC Sustainable Communities Task Force to include an appointment of a member of the North Carolina Sustainable Local Food Advisory Council.
- 11. Recommend that the General Assembly provide supplemental funds for the Good Agricultural Practices (GAP) Cost Share Program within the NC Department of Agriculture and Consumer Services.

The Department has previously received USDA Specialty Crop Grant funds to use for the GAP Certification Assistance Program, which provides up to \$600 for independent audits of a farm's GAP or good handling practices.

To be eligible, growers must have a third-party audit from an approved government agency or company that verifies GAP efforts, the audit must be conducted in the current year of application and the grower must submit an application to participate in the program prior to the audit. The audit can be for farm review, field harvest and field packing activities, packing house facility, storage and transportation, and traceback.

"Food safety is important at every level of the food chain. Produce buyers are demanding assurances from growers that their produce is safe. It's going to become more difficult for farmers to market their fruits and vegetables if they don't have a program in place to make sure their produce is free of contamination." – Commissioner Steve Troxler

12. Recommend that the General Assembly appropriate funds to increase the storage and preparation facilities in those schools lacking the equipment necessary to participate in the farm to school programs.

The North Carolina Child Nutrition program provides access to a variety of nutritious foods that promote growth and development, pleasure in healthful eating, and long-term health, the prevention of school day hunger and its consequent lack of attention to learning tasks. A 2011 survey of NC Child Nutrition Directors found that the top barriers to purchasing fresh, local produce through the NC Farm to School program were:

- 1. Lack of walk in refrigeration space
- 2. Lack of staff/facilities to prepare fresh produce
- 3. Nutrition program does not have warehouse space
- 4. Ordering method
- 5. Lack of preparation equipment
- 13. Respectfully request that the Governor encourage that the Division of Social Services (DSS) and its SNAP-Ed Advisory Committee work closely with the NC Sustainable Local Food Advisory Council's Health, Wellness, Hunger, and Food Access Subcommittee to consider a statewide coordinated approach to funding that encourages the use of locally produced food by SNAP participants given potential increases in funding available for SNAP-Ed based on state level SNAP participation and high levels of participation in North Carolina.

APPENDIX A: AUTHORIZING LEGISLATION

The North Carolina Sustainable Local Food Advisory Council was established in August 2009 upon the ratification of Senate Bill 1067. The purpose and responsibilities of the Council can be found in Session Law 2009-530, Chapter 106-830 through 833 of the General Statutes:

http://www.ncga.state.nc.us/EnactedLegislation/SessionLaws/HTML/2009-2010/SL2009-530.html

APPENDIX B: NCSLFAC MEMBERSHIP

Name	Position	Appointed By	Term	Pos. No.
Commissioner Steve Troxler	Commissioner of Agriculture or the Commissioner's designee	Ex officio		1
Dr. Jeffrey P. Engel	State Health Director or the Director's designee	Ex officio		2
Secretary J. Keith Crisco	Secretary of Commerce or the Secretary's designee	Ex officio		3
Mr. Ted Burch	Local organic food producer, organic crop producer	House Speaker	7/1/2012	4
Ms. Linda Harris	Local organic food producers, organic animal producer	House Speaker	7/1/2012	4
Mr. Randall Patterson	Conventional food producer, crop producer	Commissioner	7/1/2012	5
Mr. Tommy Porter, Jr.	Conventional food producer, animal producer	Commissioner	7/1/2012	5
Mr. Jamie Ager	Sustainable animal producer	Commissioner	7/1/2012	6
Ms. Jane Iseley	Sustainable crop producer	Commissioner	7/1/2013	6
Mr. Willy Phillips	Representative of commercial fishing industry	Pro Tempore	7/1/2013	7
Mr. Phil Hudson	Representative of the NC State Grange	House Speaker	7/1/2013	8
Ms. Debbie Hamrick	Representative from the NC Farm Bureau Federation, Inc	House Speaker	7/1/2013	9
Mr. Barry Nash	Representative of the Sea Grant College program	Pro Tempore	7/1/2013	10
Mr. Roland McReynolds, Esq.	Representative of the Carolina Farm Stewardship Association	Governor	7/1/2013	11
Dr. Nancy Creamer	Representative of the Center for Environmental Farming Systems	Governor	7/1/2013	12
Ms. Savonala Horne	Representative of the NC Association of Black Lawyers' Land Loss Prevention Project	Commissioner	7/1/2013	13

Mr. Charlie Jackson	Representative of the Appalachian Sustainable Agriculture Project	Pro Tempore	7/1/2014	14
Mr. Mac Legerton	Representative of the Center of Community Action, Inc.	Commissioner	7/1/2014	15
Mr. John Day	Representative of the NC Association of County Commissioners	Pro Tempore	7/1/2014	16
Dr. Lynn Harvey	Representative of the Department of Public Instruction, Child Nutrition Services Section	Pro Tempore	7/1/2014	17
Joe Zublena	Representative of the NC Cooperative Extension Service, jointly administered by NCSU and NCA&TSU	Governor	7/1/2014	18
Dr. Alice Ammerman	Representative of the Center for Health Promotion and Disease prevention at the UNC-Chapel Hill	Pro Tempore	7/1/2014	19
Ms. Earline Middleton	Representative of a food bank located in NC	Governor	7/1/2014	20
LaTisha Watford	Representative of the food retail or food service industry	Governor	7/1/2014	21
Vacant	Representative of the NC Farm Transition Network, Inc.	House Speaker	7/1/2014	22
Mr. Billy Ray Hall	Representative of the NC Rural Economic Development Center, Inc.	House Speaker	7/1/2014	23
Mr. Uli Bennewitz	Representative of a business engaged in the processing, packing, or distribution of food	House Speaker	7/1/2014	24

APPENDIX C: SUBCOMMITTEE MEMBERSHIP

Commissioner Steve Troxler, Chairman Dr. Nancy Creamer, Vice-Chair

Health, Wellness, Hunger and Food Access

Dr. Alice Ammerman, Chair

Dr. Jeffrey Engel

Dr. Lynn Harvey

Ms. Earline E. Middleton

Ms. LaTisha Watford

Land, People, and Natural Resources

Mr. John Day, Chair

Mr. Ted Burch

Ms. Linda Harris

Ms. Savonala Horne

Rev. Mac Legerton

Mr. Randall Patterson

Mr. Tommy Porter

Dr. Joe Zublena

Ms. Jane Iseley

Economic Development

Ms. Debbie Hamrick, Chair

Mr. Jamie Ager

Mr. Uli Bennewitz

Secretary Keith Crisco

Mr. Billy Ray Hall

Mr. Charlie Jackson

Mr. Roland McReynolds

Mr. Barry Nash

Mr. Willy Phillips